



Commonwealth of Massachusetts
**DEPARTMENT OF HOUSING &
COMMUNITY DEVELOPMENT**

Deval L. Patrick, Governor ♦ Timothy P. Murray, Lt. Governor ♦ Tina Brooks, Undersecretary

NEIGHBORHOOD HOUSING SERVICES PROGRAM

**REVISED UNDERWRITING LOAN CRITERIA AND
REQUIRED LOAN DOCUMENTS**

EFFECTIVE JULY 1, 2009

**Division of Community Services
Community Services Unit**

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Department of Housing and Community Development Neighborhood Housing Services Program

PROGRAM DESCRIPTION

INTRODUCTION

The Neighborhood Housing Services Program was established by the Massachusetts Legislature under Chapter 490, Section 12 of the Acts of 1980. In the following years the Massachusetts Legislature voted additional financial resources to increase the fund. The NHS program is designed to assist residents and public and private entities to reinvest in declining urban Neighborhoods. Funds are public. Chapter 490 gave the Department of Housing and Community development (DHCD) oversight to ensure that NHS participating agencies use this endowment correctly.

Currently, the program is administered by a service delivery network composed of DHCD and seven different participating agencies:

- Codman Square Neighborhood Development Corporation (CSNDC);
- Dorchester Bay Economic Development Corporation (DBEDC);
- Urban Edge Housing Corporation (UEHC);
- Cambridge Neighborhood Affordable Housing Services, Inc. (CNAHS);
- Chelsea Neighborhood Developers, Inc. (CND);
- Neighborhood Housing Services of the South Shore, Inc. (NHSSS); and
- Springfield Neighborhood Housing Services, Inc. (SNHS).

ANNUAL AGREEMENT

All participating agencies shall sign a separate annual agreement with DHCD to continue administering the Neighborhood Housing Services Fund. DHCD shall generate the agreement and send it to the participating agencies. Once signed, the agreement shall be submitted back to DHCD with all required documentation.

QUARTERLY REPORTS

All participating agencies shall submit to the DHCD that consist of copies of monthly bank statements and a log including all outstanding loans. DHCD shall process the figures included in the agencies' reports and generate aggregated quarterly reports.

LOAN APPROVAL PROCESS

All participating agencies shall have a Program Manager and a Loan Committee.

The program manager shall run the day-to-day operations of the fund including without limitation: conducting customer outreach, preparing reports, interviewing and assisting customers to complete the loan packaging, inspecting properties, generating the Rehabilitation Work Write Ups or hiring a construction specialist to do so, keeping a list of general contractors, evaluating the different bids, processing the requests for payments from general contractors, preparing loan packages to be considered by the loan committee, and issuing the loan approval certification.

The loan committee has the authority to underwrite the loans, which are presented for its consideration by the program manager.

The complete approval process shall be as follows:

- A. The Manager of the NHS program, hereinafter referred to as the "Manager," shall conduct an initial interview with the potential borrower, hereinafter referred to as the "Customer". The purpose of this interview is to listen to the customer's needs and to inform her/him about the NHS's program objectives and income eligibility requirements. The Manager shall warn the customer that this is a full disclosure process and that all questions must be truthfully and accurately answered. The Manager shall verify the number of the family members living in the Customer's household and the gross income generated by all of them. The Manager shall compare the Customer's gross income with the HUD Income Limits to test the family's eligibility. The Manager shall inform the Customer if it is not eligible because it is over income. If the family is within the required income limits, the Manager shall give the Customer a list of the required documents to apply for a loan and shall schedule a meeting for delivering the documents and filling them out, if the Customer cannot do it by him/herself. These documents shall include the Uniform Residential Loan Application.
- B. If the estimated rehabilitation's cost is \$30,000 or lower, the Manager shall conduct an initial inspection of the property to be rehabilitated and generate the Work Write Up, that shall include an accurate and fair description of the scope of rehabilitation work and a budget to be funded with the proceeds of the loan. If the estimated rehabilitation cost is greater than \$30,000, the manager shall hire a professional construction specialist (unless the manager is a qualified or licensed construction specialist) to generate the Rehabilitation Work Write Up. In this case, the accurate and fair description of the scope of the rehabilitation work, and the budget mentioned above shall be broken down by trades.

PROGRAM DESCRIPTION

Managers shall treat the budget as confidential document not to be shared with anyone. The cost of inspecting the property, generating the Rehabilitation Work Write Up, and supervising and inspecting the construction (if needed) shall be written into the loan amount.

- C. During the scheduled interview, the Customer shall bring the following documents included in the Loan Package:
 - 1. Standard Loan Application;
 - 2. Supporting documentation for the NHS Loan Analysis Worksheet:
 - a. Employment or income verification,
 - b. Other income verification,
 - c. Rental income verification,
 - d. Credit report,
 - e. First mortgage documentation,
 - f. Other mortgage documentation,
 - g. Copy of deed or title or purchase and sale agreement,
 - h. Real estate taxes or municipal lien certificate,
 - i. Hazard insurance policy, and
 - j. Appraisal.

The Manager shall assist the Customer if she/he experiences difficulty in filling out the Uniform Residential Loan Application. At this stage of the process, the Manager shall include the Rehabilitation Work Write Up in the loan package.

- D. The Manager shall verify that all documents are current and fulfill the requirements included in the Loan Package Checklist Instructions and shall enter in the checklist, the date of documents and any relevant comment.
- E. The Manager shall fill out the NHS Loan Analysis Work Sheet, following the guidelines included in the Instructions for the Loan Analysis Worksheet. If the answer to either questions 16, 17, or 18 is “no,” the loan application shall be rejected. If this is the case, the Manager shall write a letter of rejection to the Customer indicating the reason(s) for the rejection. If the answer to question 28 is “no,” the NHS loan amount shall be reduced to reach an LTV (Loan-To-Value) ratio of 120 or lower. The scope of the work shall be reduced accordingly.
- F. If the answer to either question 16, 17, 18, or 28 is “yes,” and all the required Customer documentation and rehabilitation work information is complete, the Manager shall present the loan package to the Loan Committee for its consideration and approval. If the loan is approved the Manager shall write a letter to the Customer informing her/him of the approval of the loan and its conditions: rate of interest, term, monthly payment, etc. The letter shall include a space for the Customer’s signature and date the loan and its conditions were accepted.

The Customer shall receive two (2) copies of the letter: one (1) for her/his files and the other to return to the lending agency.

- G. If the Customer agrees with the conditions, the Manager shall proceed with the bidding process. Managers shall keep in mind that the best way to know that the rehabilitation cost is fair is by comparing the offers of several bidders. Also managers must keep in mind that the budget of the Rehabilitation Work Write Up is an internal and private document not to be shared with general contractors, who shall base their bids on the descriptive section of the Rehabilitation Work Write Up alone. Bid documents shall be sent to at least four (4) general contractors. At least three (3) offers must have been received in order to decide to whom the rehabilitation contract will be awarded.
- H. The Manager and the Customer shall meet to decide to whom the contract will be awarded. The decision to award the contract shall not be based solely on price, but also on the conditions proposed by the general contractor. The selection of a bid, other than the lowest bid, shall be justified in a statement signed by the applicant and attached to the Bid Results Form. Once a decision has been made, the Manager shall notify the selected general contractor in writing of the amount of the contract and its conditions. The letter shall include a space for the general contractor's signature and date accepting the contract amount and other conditions. The general contractor will receive two (2) copies of the letter, one (1) for her/his files and the other to return to the lending agency.
- I. The Manager shall fill out the Project and Statistical Summary, generate the Loan Approval certification, and write the loan and the servicing fees checks.
- J. The manager shall submit to DHCD the three (3) last items of the Loan Package checklist:
 - 1. Project and Statistical Information Summary,
 - 2. Manager's Loan Approval Certificate, and
 - 3. Copies of signed checks for the loan amount and servicing fee
- K. DHCD shall review and notify the manager in writing about the loan approval unless it's a first priority loans as defined under these guidelines.
- L. The Manager shall award and sign the rehabilitation work contract and give the general contractor the order to proceed.
- M. The NHS agency shall submit documentation to DHCD that proves that the rehabilitation work has been conducted for two (2) consecutive weeks prior to withdrawing a loan fee from its revolving loan account. Acceptable documentation including without limitation, copies of the rehabilitation work contract, construction Permit, checks used to cover the requests for payment, Certificates of Occupancy.
- N. Within thirty (30) days of the closing, the NHS's program Manager shall complete the loan file with the following documents:

1. Copy of the mortgage showing the lending agency and other mortgages and its priority,
2. Note,
3. Amended Insurance Policy that shows the new amount insured (either equal to the appraised value or the loan amount, whichever is higher), the lending agency as a beneficiary of the policy, and the priority (precedence) of beneficiaries,
4. Rehabilitation Work Contract,
5. Construction Permit,
6. Certificate of Occupancy, and
7. If applicable, Certificate of De-leading

1. MONITORING PROCESS

Each fiscal year, DHCD may monitor the operations of the NHS agencies. To do so, DHCD shall schedule a visit and randomly pick and check, at least, one (1) out of every four (4) credits approved in the previous fiscal year. DHCD shall use the monitoring tools developed for that purpose:

- A. Checking Loan Package Documents and
- B. Checking Uniform Residential Loan Application, Loan Analysis Worksheet, and Project and Statistical Summary.

The completion of the forms should yield the following possible findings:

- A. **NO OBSERVATIONS.**
All documents and supporting material are found correct.
- B. **RECTIFIABLE SITUATIONS**
If an instance of noncompliance should be found, the lending agency shall agree to solve the problem in a specified time. Some minor issues, such as missing a verification form, might be addressed by getting that form. More serious instances of noncompliance may require a more detailed series of steps to correct the situation.
- C. **NON-RECTIFIABLE SITUATIONS**
In the event that noncompliance cannot be corrected, and the issue threatens the soundness of the decision to grant the loan or if the customer was not entitled to the loan, the participating agency shall buy back the loan, and the loan amount and administering fee shall be paid back to the NHS fund.
- D. **FALSIFICATION OF DOCUMENTS**
Willful falsification of documents may be addressed by measures up to and including the dismissal of the responsible employee.
- E. **RECIDIVISM**
If over time the same patterns of noncompliance occur and the participating agency is unable to correct serious programmatic problems, DHCD may terminate the contract under the termination clause of the contract.

The results of the evaluation shall be communicated to the participating agencies thirty (30) days after the monitoring is conducted. The Monitoring Report shall indicate if there are no observations or the kind of noncompliance situations found out and their completion date(s).

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

NEIGHBORHOOD HOUSING SERVICES PROGRAM

Underwriting Criteria

Criteria	DHCD NHS Program
<i>Eligible Properties</i>	Owner-occupied 1-4 family properties, condos and plan unit developments allowed; investor owners with 51% or more CDBG eligible residents.
<i>Eligible Loans</i>	First Priority: rehab for existing homeowners. Second Priority: purchase/rehab. (Proceeds can be used for down payment and rehab - <u>owner occupants only</u>). Lower Priority: Investor-owned properties. Declining scale prepayment penalty clause to be included in loan approvals.
<i>Terms</i>	Up to 30-year fixed, level payment or 10 year deferred.
<i>Assumability</i>	Yes, provided eligibility is met.
<i>Borrower Income Eligibility</i>	Income guidelines, 90% at or below HUD Area Median Income for respective Metropolitan Statistical Area.
<i>Maximum Debt-to-Income Ratios</i>	36/44 maximum allowable indebtedness; higher ratios may be allowed depending on employment and credit history.
<i>Maximum CLTV</i>	100%
<i>Rehabilitation</i>	\$3,000 minimum rehab. The first priority shall be structural and mechanical systems and sanitary code violations.
<i>Property Inspection</i>	NWO or authorized inspector must conduct and provide evidence of inspection.
<i>Property Value</i>	Estimated property value from a scaled loan-to-value appraisal, or current documented estimate of market value.
<i>Credit History</i>	Credit report dated within 60 days of submission; six-month record of good credit; some allowances for slow credit; one year from discharge of bankruptcy if paying "as agreed"; explanation allowed for unpaid judgments.
<i>Borrower's Income</i>	12 to 18 months consistent level of verified income.
<i>Property Insurance</i>	Evidence of sufficient property insurance to cover mortgage debt.
<i>Loan Servicing</i>	By Neighborhood Works Organization
<i>Interest Rate</i>	Set by Neighborhood Works Organization Loan Committee, based on borrower's ability to pay. Target rate can be set between 0% and 6%.
<i>NWO Participation</i>	All Massachusetts Neighborhood Works Organizations subject to DHCD contract.

**Department of Housing and Community Development
Neighborhood Housing Services Program**

LOAN PACKAGE CHECKLIST

NHS Agency: _____ **Date:** _____
Applicant's Name(s): _____
Address: _____
Property Address: _____
Housing Type: **Single Family:** ☐ **Multi family:** ☐ **# of Units:** _____
Other (specify): _____
Loan Amount: \$ _____ **Interest Rate:** _____ % **Term:** _____ **Years**

Please use the following codes for document submission: **Y** = Yes, **NA** = Not Applicable

Documents filed in order listed below:	Code		Document date	Comments
	Y	NA		
1. Standard Loan Application	<input type="checkbox"/>	<input type="checkbox"/>		
2. NHS Loan Analysis Worksheet and Documentation:	<input type="checkbox"/>	<input type="checkbox"/>		
a. Employment/Income Verification	<input type="checkbox"/>	<input type="checkbox"/>		
b. Other Income Verification	<input type="checkbox"/>	<input type="checkbox"/>		
c. Rental Income Verification	<input type="checkbox"/>	<input type="checkbox"/>		
d. Credit Report	<input type="checkbox"/>	<input type="checkbox"/>		
e. First Mortgage Documentation	<input type="checkbox"/>	<input type="checkbox"/>		
f. Other Mortgages/Secured Loans Documentation	<input type="checkbox"/>	<input type="checkbox"/>		
g. Copy of Deed/Title or Purchase & Sale Agreement	<input type="checkbox"/>	<input type="checkbox"/>		
h. Real Estate Taxes or Municipal Lien Certificate	<input type="checkbox"/>	<input type="checkbox"/>		
i. Hazard Insurance Policy	<input type="checkbox"/>	<input type="checkbox"/>		
j. Appraisal	<input type="checkbox"/>	<input type="checkbox"/>		
3. Rehabilitation Work Write Up	<input type="checkbox"/>	<input type="checkbox"/>		
4. Bid Results	<input type="checkbox"/>	<input type="checkbox"/>		
5. Project Summary	<input type="checkbox"/>	<input type="checkbox"/>		
6. Manager's Loan Approval Certification	<input type="checkbox"/>	<input type="checkbox"/>		
7. Checks Written by NHS Agency for Loan Amount & Servicing Fee	<input type="checkbox"/>	<input type="checkbox"/>		

**Department of Housing and Community Development
Neighborhood Housing Services Program**

LOAN PACKAGE CHECKLIST INSTRUCTIONS

1. STANDARD LOAN APPLICATION

A complete and signed HUD Standard Loan Application (including total payments and liabilities) is required. The date on this document shall be the reference for the rest of documents.

2. DHCD/NHS PROGRAM LOAN ANALYSIS FORM

A complete and accurate Loan Analysis Form with the appropriate supporting documentation is required. In addition to the Loan Analysis Form, the following documentation is required to compose the file:

a. Employment/Income Verification

An employment/income verification form from each applicant's employer is required and shall be dated within sixty (60) days of the loan application date. The calculations are based on monthly gross income. The two (2) most recent pay check stubs may be submitted as temporary substitute proofs of income, and be handy to fill out the data required for the Loan Analysis Form. To calculate current monthly income, please divide the gross total earned to date by the number of weeks worked and multiply it by 52. The result will be the yearly gross income, which has to be divided by 12 to estimate the gross monthly income.

Self-employed applicants shall submit income tax returns for the most recent two (2) years as a proof of her/his income.

b. Other Income Verification

An income verification form from other income, including any public subsidy or assistance, is required and shall be dated within sixty (60) days of the loan application date. As is accepted in the income/employment verification case, check stubs, may be temporary substitutes proofs of income, and be handy to fill out the date required for the Loan Analysis Form.

c. Rental Income Verification

A rental income verification form from each of the units rented is required and shall be dated within sixty (60) days of the loan application date. A copy of the lease, copies of checks used to cover the rent or written documents stating that the tenant resides at the property, may be submitted as substitute documentation. Information from the appraisal shall be used in the case of multi-family properties currently without tenants.

Copies of receipts are not valid proofs of rental income, as they are produced by the applicant him/herself.

d. **Credit Report**

A Credit Report is required and shall be dated within 60 days of the loan application date. Explanations of late/slow credit, charge offs, bankruptcies, and/or discrepancies may be attached to the Credit Report by the borrower.

e. **First Mortgage Documentation**

A copy of a payment coupon, statement, or canceled check is required.

f. **Other Mortgages/Secured Loans**

Same as First Mortgage Documentation.

g. **Copy of Deed/Title or when appropriate, Purchase and Sale Agreement**

A copy of the deed or property title is required.

h. **Real Estate Taxes**

A copy of the applicant's most recent real estate tax bill or a Municipal Lien Certificate is required.

i. **Hazard Insurance Policy**

A copy of cover page of the Hazard Insurance Policy for the subject property is required. This document shall include the amount of the insurance, the yearly premium, the list of beneficiaries, and the expiration date. If the loan is granted, the policy has to stay current during the term of the mortgage and shall be amended to cover the new appraised value and the lending NHS Agency as a beneficiary.

LOAN PACKAGE CHECKLIST INSTRUCTIONS

j. **Appraisal**

A complete appraisal from, a certified real estate appraiser or a comparative market value analysis using acceptable data source, such as Bankers and Tradesmen data, is required and shall be dated within sixty (60) days of the loan application date. If a complete real estate appraisal is needed to establish the value in support of the application, the cost of such appraisal may be written into the loan amount.

3. **FINAL REHABILITATION WORK WRITE UP**

This document is required to have a description of the scope of work to be covered with the proceeds of this loan and to insure that bidders have an accurate and fair description of the work required. A Construction Specialist shall perform an inspection of the property to be

rehabilitated and generate a Work Write Up that includes a description of the scope of the rehabilitation work to be included and an estimated budget (both parts broken down by trade). A Construction Specialist may include without limitation, a licensed professional (architect or civil engineer), a professionally trained construction manager or supervisor, or a licensed construction supervisor.

If the rehabilitation cost is \$30,000 or lower, the NHS Agency's Program Manager shall perform the inspection, and shall produce the Work Write Up.

If the cost of rehabilitation is greater than \$30,000, the services of a professional construction specialist shall be required (unless the manager is a qualified or licensed construction specialist) to generate this document, the cost of such service may be written in the loan amount.

NHS Agencies shall develop a list of contractors to be invited to submit proposals for the different rehabilitation works. All contractors shall be bonded and have a valid Home Improvement Contractor or Construction Supervisor License. Invited contractors shall base their proposals on the descriptive part of the rehabilitation work scope.

4. **BID RESULTS FORM**

The Bid Results Form shall: (a.) List all bidders and the amount of their bids, (b.) Identify the selected contractor, (c.) Identify the persons witnessing the bids opening; and (d.) Be signed by borrower as acceptance of the selected contractor.

**Department of Housing and Community Development
Neighborhood Housing Services Program**

BID RESULTS

NHS Agency: _____	Date: _____
Borrower: _____	
Project Address: _____	

The following bids were received at _____
and opened on _____ at _____ AM/PM.

Name of Contractors	Present at Bid Opening	Amount of Bid
	Yes <input type="checkbox"/> No <input type="checkbox"/>	
	Yes <input type="checkbox"/> No <input type="checkbox"/>	
	Yes <input type="checkbox"/> No <input type="checkbox"/>	

Person(s) Opening and Witnessing Bids:

I reviewed each bid listed above, and I select to perform the work on my property.

Homeowner's Signature(s)

Date

If there are any questions about the selection process, please call the Neighborhood Housing Services office listed above.

LOAN PACKAGE CHECKLIST INSTRUCTIONS

The selection of a bid, other than the lowest one, shall be justified in a statement signed by the applicant and attached to the Bid Results Form.

5. PROJECT SUMMARY FORM

The information on the Project Summary Form shall be consistent with information provided on the Loan Package Checklist and the Manager's Loan Approval Form.

6. NHS AGENCY'S MANAGER'S LOAN APPROVAL CERTIFICATION

The information on the Manager's Loan Approval Certification, including the loan amount, the rate of interest, and the term of the loan, shall be consistent with the loan information provided on the Loan Analysis Form. The NHS Agency's Program Manager shall send to DHCD the Manager's Loan Approval Certification duly notarized and copies of the checks that cover the loan amount and the servicing fee.

7. CHECKS WRITTEN BY NHS AGENCY FOR LOAN AMOUNT AND SERVICING FEE

DHCD shall no longer process the co-signing of checks. Instead the Manager shall submit copies of signed loan and service fee checks to DHCD for its record.

8. CLOSING OF THE LOAN AND COMPLETION OF THE LOAN FILE

The Manager shall close the loan upon receipt of the co-signed checks from DHCD. Within sixty (60) days of the closing, the Program Manager shall complete the loan file with the following documents:

- a. Copy of the mortgage showing the Lending Agency and other mortgagees and its priority;
- b. Note;
- c. Amended Insurance Policy that has the new amount insured (equal to the appraised value) and the lending NHS agency as a beneficiary of the policy;
- d. Rehabilitation Work Contract;
- e. Construction Permit;
- f. Certificate of Occupancy; and
- g. If applicable, Certificate of De-leading.

Department of Housing and Community Development Neighborhood Housing Services Program

LOAN ANALYSIS WORKSHEET

NHS Agency: _____ Date: _____
 Applicant's Name: _____
 Address: _____
 Property Address: _____

A. MONTHLY INCOME

	Current	With NHS loan
1. Gross wages, salaries, etc.	_____	_____
2. Other Income	_____	_____
3. Other Income	_____	_____
4. GROSS MONTHLY INCOME	<div style="border: 1px solid black; width: 100px; height: 40px;"></div>	_____

B. MONTHLY HOUSING EXPENSES

5. First mortgage/ rent	_____	_____
6. Property taxes	_____	_____
7. Property insurance	_____	_____
8. Other mortgage/secured loans		
a. New NHS loan.....	_____	_____
b.	_____	_____
9. (Deduction of 75% of rental income)	_____	_____
10. TOTAL HOUSING EXPENSES	_____	_____

11. HOUSING EXPENSES TO INCOME RATIO (divide #10 by #4 and multiply by 100)

12. OTHER EXPENSES: credit cards, banks, **Balance** **Monthly** car payments, other mortgages, etc.

a. _____	_____	_____
b. _____	_____	_____
c. _____	_____	_____
d. _____	_____	_____
e. _____	_____	_____
f. _____	_____	_____
g. _____	_____	_____
h. _____	_____	_____

TOTAL OTHER EXPENSES.....

13. _____	_____
14. TOTAL HOUSING AND OTHER EXPENSES (add #10 and #13)	_____

15. **TOTAL EXPENSES TO INCOME RATIO** (divide #14 by #4 and multiply by 100)

LOAN ANALYSIS WORKSHEET

16. Is the Gross Monthly Income (line 4) equal to or lower than 90% of HUD Area Median Income (AMI)¹?

Yes ☐ No ☐

17. Is the Housing Expenses to Income Ratio (line 11) equal to or lower than 36%?

Yes ☐ No ☐

18. Is the Total Expenses to Income Ratio (line 15) equal to or lower than 44%?

Yes ☐ No ☐

C. MORTGAGES REMAINING ACCORDING TO PRIORITY (INCLUDE THIS LOAN)

Lenders	Original mortgage in \$	Current balance in \$	Rate of int. %	Term years
19.				
20.				
21.				
22.				
23.				
24. Total				

D. LOAN-TO-VALUE (LTV) CALCULATIONS

25. Appraised property value \$

26. Total secured mortgages (including NHS loan)
Enter line 24, Total original mortgage..... \$

27. **LOAN-TO-VALUE (LTV) RATIO** (divide #26 by #25 and multiply by 100)

28. Is the LTV ratio equal to or lower than 120%

Yes ☐ No ☐

¹ The HUD AMI for a family of four in Boston, Cambridge, Chelsea and Quincy is \$85,800. For Springfield the HUD AMI is \$64,800. The AMI is adjusted each year by HUD.

Department of Housing and Community Development Neighborhood Housing Services Program

INSTRUCTIONS FOR LOAN ANALYSIS WORKSHEET

The purpose of this document is to present a summary of the information used by the Neighborhood Housing Services Program's Loan Committee and Manager to approve this loan. This form shall only be filled out with information duly verified and for which there is documentation available. Columns under "Current" reflect the applicant's situation before the NHS loan. Columns under "With NHS loan" reflect conditions that include the NHS loan. If there is not enough room to include all the information, please use an additional page.

A. MONTHLY INCOME

1. Gross monthly wages, salaries, etc.: If the documented information expresses weekly or bi-weekly salary, convert it to annual salary and divide by 12 to calculate the monthly salary.
2. Other income: Includes welfare and Social Security benefits, other non-wage income, and rents from properties different from the one subject of this application. Please be sure that this income is expressed in monthly figures.
3. Other income: Same as above.
4. **GROSS MONTHLY INCOME:** includes the addition of #1 through #3.

B. MONTHLY HOUSING EXPENSES

5. First mortgage/rent: List the monthly payment amount from the first mortgage for the subject property or rent payment if the applicant currently does not own his/her residence.
6. Property taxes: list the monthly payment amount for taxes. If the payment is not expressed monthly, be sure to convert it into a monthly figure.
7. Property insurance: List the monthly premium amount for property hazard insurance. If the premium is not expressed monthly, be sure to convert it into a monthly figure.
8. Other mortgage/secured loans: List the monthly payments for other loans and mortgages for which there is a lien on the subject property.
9. Deduction of 75% of rental income: Enter 75% of all rental income received from the subject property, or 50% of rental income for empty units.
10. **TOTAL HOUSING EXPENSES:** Includes the addition of #5 through #8 and the subtraction of #9.
11. **HOUSING EXPENSES TO INCOME RATIO:** Calculate it by dividing TOTAL HOUSING EXPENSES (#10) by GROSS MONTHLY INCOME (#4) and multiply by one hundred (100).
12. Other Expenses: Summarizes all other monthly payments that include, but are not limited to, auto loans, credit cards or revolving charge accounts unsecured home improvement loans on the subject property, and mortgage payments on properties different from the one subject of this application.
13. **TOTAL OTHER EXPENSES:** Includes the addition of 12.a through 12.j.
14. **TOTAL HOUSING AND OTHER EXPENSES:** Includes the addition of #10 plus #13.
15. **TOTAL EXPENSES TO INCOME RATIO:** Calculate it by dividing #14 by # 4 and multiplying by one hundred (100).

16. **Is the Gross Monthly Income (Line 4) equal to or lower than 90% of Area Median Income (AMI)?** Please note that the AMI is announced by HUD each year. The most recently available income guidelines shall be used.
17. **Is the Housing Expenses to Income Ratio (Line 11) equal to or lower than 36%?** Answer accordingly.
18. **Is the Total Expenses to Income Ratio (Line 15) equal to or lower than 44%?** Answer accordingly.

C. MORTGAGES REMAINING ACCORDING TO PRIORITY. INCLUDE THIS LOAN

(Numbers 19 through 24). This section provides a profile of the debt on the property after this application has been approved. The primary mortgage shall be listed first. All other mortgages shall follow according to priority. Use additional pages if necessary.

D. LOAN-TO-VALUE (LTV) RATIO CALCULATIONS

25. Appraised property value: Enter appraised property value, that considers improvements to be funded with the current loan.
26. Total secured mortgages (including NHS loan): Enter the total of original mortgages (Line 24).
27. **Loan-to-Value ratio:** Calculate it by dividing Total Secured mortgages (#26) by Appraised Property Value (#25) and multiply by one hundred (100).
28. **Is the LTV ratio equal to or lower than 120%?** Answer accordingly.

Department of Housing and Community Development Neighborhood Housing Services Program

PROJECT SUMMARY

Agency: _____ **Date:** _____
Applicant's Name: _____
Address: _____
Property Address: _____

Purpose	NHS Loan	Loan 2	Loan 3	Total Debt	Cash, and Grants	Total Project
Construction						
Contingency						
Appraisal						
Write Up						
Closing Costs						
Other						
Total						
Terms of project loan						
Loan Rate						
Term				Total Payment		
Payment						

STATISTICAL INFORMATION

Household Gross Income: \$ _____ Size of household: _____ members
 Applicant Gender ☐ Male ☐ Female

Race and Ethnicity (used for statistical purpose only) ☐ I do not want to disclose
 Race (check one) ☐ Hispanic ☐ Non-Hispanic

Ethnicity (check one)
 ☐ American Indian or Alaskan Native ☐ Asian
☐ Black or African American ☐ White
☐ Hawaiian or Pacific Islander ☐ Multi-Race
☐ Other

**Department of Housing and Neighborhood Development
Neighborhood Housing Services Program**

INSTRUCTIONS FOR PROJECT SUMMARY FORM

1. Enter the different amounts in the NHS Loan column according to the categories listed in the Purpose column.
2. If applicable, enter the different amounts in Loan 2 and 3 columns according to the categories listed in the Purpose column. Every loan associated with this operation must be entered even if it is a loan to be paid later (deferred). If there is a non-interest loan, please enter 0 in the Loan Rate category. If there is an only interest payment, please enter the amount in the payment category.
3. Enter the Total Debt of this project resulting from the different categories and loans.
4. Cash is all contribution to the project by the borrower, in actual money. Grant is a gift to the project. If it is a gift in kind, such as a furnace provided by the gas company, enter its monetary value. De-leading funds are often given (granted) to the project.
5. The Total Cost of Project will be the addition of the NHS Loan and, if applicable, the second and third loan, and the cash and grants. Consequently, if only NHS Loan funds are involved, the Total Debt and the Total Cost of the Project will be equal to the NHS Loan figure.
6. Enter the Statistical Information requested in the bottom of the form.

**Department of Housing and Community Development
Neighborhood Housing Services Program**

MANAGER'S LOAN APPROVAL CERTIFICATION

LOAN REFERENCE

NHS Agency: _____
Applicant's Name(s): _____
Current Address: _____
Property's Address: _____
Loan ID: _____ **Amount of the loan:** \$ _____
Term: _____ **Y.** **Rate of Interest:** _____ **%** **Monthly Payment:** \$ _____

I, _____, hereby certify that I am the Neighborhood Housing Services Program Manager of _____, that I analyzed all documents included in the attached check list, required to constitute the loan file, and found that they are complete and that all of them fulfill the requirements included in the NHS Lending Guidelines. I also certify that I performed all the required analyses of the above referenced loan, and that the current application's indebtedness ratios are within the limits required by the NHS Lending Guidelines. Furthermore, I certify that on _____, I took this loan to the consideration of the Loan Committee of _____ and the loan was approved by it without any special requests.

Signed under the penalties of perjury this _____ day of _____, 20

Signature _____

NOTARIZATION

County of _____ Date: _____, _____, 20

Then personally appeared the above-named _____, as the Neighborhood Housing Services Program Manager of _____, who affirmed that the foregoing statements are true and who acknowledged the foregoing to be his/her free act and deed, before me.

Notary Public
My commission expires on: _____

Please affix Notary Public's seal